

Sustainable Jobs Blueprint: Summary Report

Introduction

Most Canadians are aware of the negative effects of climate change. Fewer understand the enormous opportunity the energy transition holds for Canada’s economy and its workers. A people-centered energy transition has the potential to improve the everyday lives of Canadians — boosting the economy, creating new jobs, improving health outcomes, and creating a better future for equity-deserving groups.

Governments around the world are investing in cleaner economies and setting ambitious climate targets. About 70 countries, including Canada, have committed to reducing human-caused carbon emissions to as close as zero as possible by 2050, in what is often called “net-zero.” Moving our energy systems to net-zero will change the economic landscape for countries around the world.

In addition, global trends are impacting Canada’s natural resources and energy industries more than the policy choices of the Canadian government. Automation, changes in oil prices, investor preferences for environmental and social outcomes, and the accelerating transition towards renewable energies are all making their mark on Canada’s economy.

This report summarizes the findings and recommendations of the Sustainable Jobs Blueprint — Part I and Part II. To read the full reports, visit pembina.org.

Change is inevitable, but adaptation is a choice.

The decisions and plans that governments and industry make for the energy transition can either leave workers and communities behind, or create the conditions for them to thrive.

A worker-centered transition

In the fall of 2022, the Canadian Labour Congress and the Pembina Institute came together, representing labour and environmental perspectives, to ask the question: *how do we prepare for a changing economy in a way that meets environmental commitments and creates decent jobs?* To answer that question we held conversations with workers and experts, examined successes from other countries, and undertook economic modelling to understand how the energy transition could impact workers and the economy by 2050.

We wrote two reports on the topic. The first report advised the Government of Canada on what it needs to do to ensure its “sustainable jobs” planning will support workers and communities. The second report outlined the policies and investments necessary to equip workers with the right skills, improve the social security net, and support regional and national economic prosperity for the best employment and economic outcomes.

Enormous opportunities lie ahead. By 2050, growth in clean energy industries will create more jobs than will be lost, even in provinces with many jobs in fossil fuel production and use. By putting the right policies and plans in place, governments can ensure that these clean industries succeed, and that workers have the right skills to take advantage of new job opportunities.

What is a net-zero economy?

A net-zero economy continues to deliver goods and services, and a high quality of life, while powered by emissions-free energy. Aligned with Canada’s climate change commitments, this means climate policy and economic policy come together so that we follow those pathways most likely to help us achieve net-zero emissions by 2050 in a manner that prioritizes emissions reductions over removals or offsets.

THE IMPORTANCE OF THE CANADIAN SUSTAINABLE JOBS ACT

Bill C-50, the Canadian Sustainable Jobs Act, provides a legal framework for government, employers and workers to come together to inform policy and investment decisions to facilitate sustainable job creation and support workers and communities in a new energy future.

What is a sustainable job? The Government of Canada defines a “sustainable job” as a job that aligns with Canada’s emissions reduction targets and provides good working conditions and decent work standards. It is “sustainable” from an environmental perspective, and high-quality from a labour perspective.

Aligns with Canada’s emissions reduction targets

Sustainable job

Good working conditions

THE CANADIAN SUSTAINABLE JOBS ACT:

- Outlines guiding principles to facilitate engagement and accountability, and ground action in best practices.
- Establishes a Sustainable Jobs Partnership Council to provide advice to government based on engagement with workers, communities, and others.
- Establishes the Sustainable Jobs Secretariat to support the implementation of the Act, support the Partnership Council, and coordinate work across federal departments.
- Requires Sustainable Jobs Action Plans to be developed every five years to ensure the government is transparent and accountable on its progress.

Jobs created in the energy transition

Labour groups and ENGOs worked to ensure the Act positioned sustainable jobs policy to be well-coordinated, accountable, and aligned with climate plans while protecting the interests of workers.

The Canadian Sustainable Jobs Act became law on June 20, 2024.

Governance recommendations

WHAT MAKES GOOD SUSTAINABLE JOBS POLICY?

Acting on climate change and spurring decent job creation are two sides of the same coin. Both these objectives require the federal government, working with other levels of government, to establish a robust plan to achieve an orderly transition and fair outcomes for workers.

The following elements must be part of this plan. They are the scaffolding that provide the structure for sustainable jobs initiatives to be successful.

- **Adequate resourcing:** Significant financial resources are needed to make the shift to a clean energy economy a reality. Investments and programs that grow sustainable jobs must have sufficient resources to have a positive impact for workers, communities, and underrepresented groups.
- **Alignment with net-zero:** Plans to transition Canada's workforce to sustainable jobs must ensure that jobs are aligned with Canada's carbon reduction plans, and avoid the risk of workers becoming stuck in declining industries.
- **Cohesive strategy and vision:** A sustainable jobs plan must be a part of the Government of Canada's broader climate agenda so that workers and communities understand what the future looks like and can plan accordingly.
- **Regional collaboration:** Transitions unfold at the regional and local level. A nation-wide sustainable jobs plan should reflect this reality, with all levels of government involved. Implementation tactics must be grounded in local values and address the challenges and opportunities unique to each place.
- **Social dialogue:** Workers and labour need a seat at the decision-making table. Workers, communities, and underrepresented groups should be a part of sustainable jobs governance structures and implementation.
- **Worker buy-in:** Workers need to feel confident that sustainable jobs initiatives meet their needs. Policies and plans must be clearly communicated to workers, through trusted channels.



Investments and policies

To develop our recommendations, we turned to three valuable sources of insight:

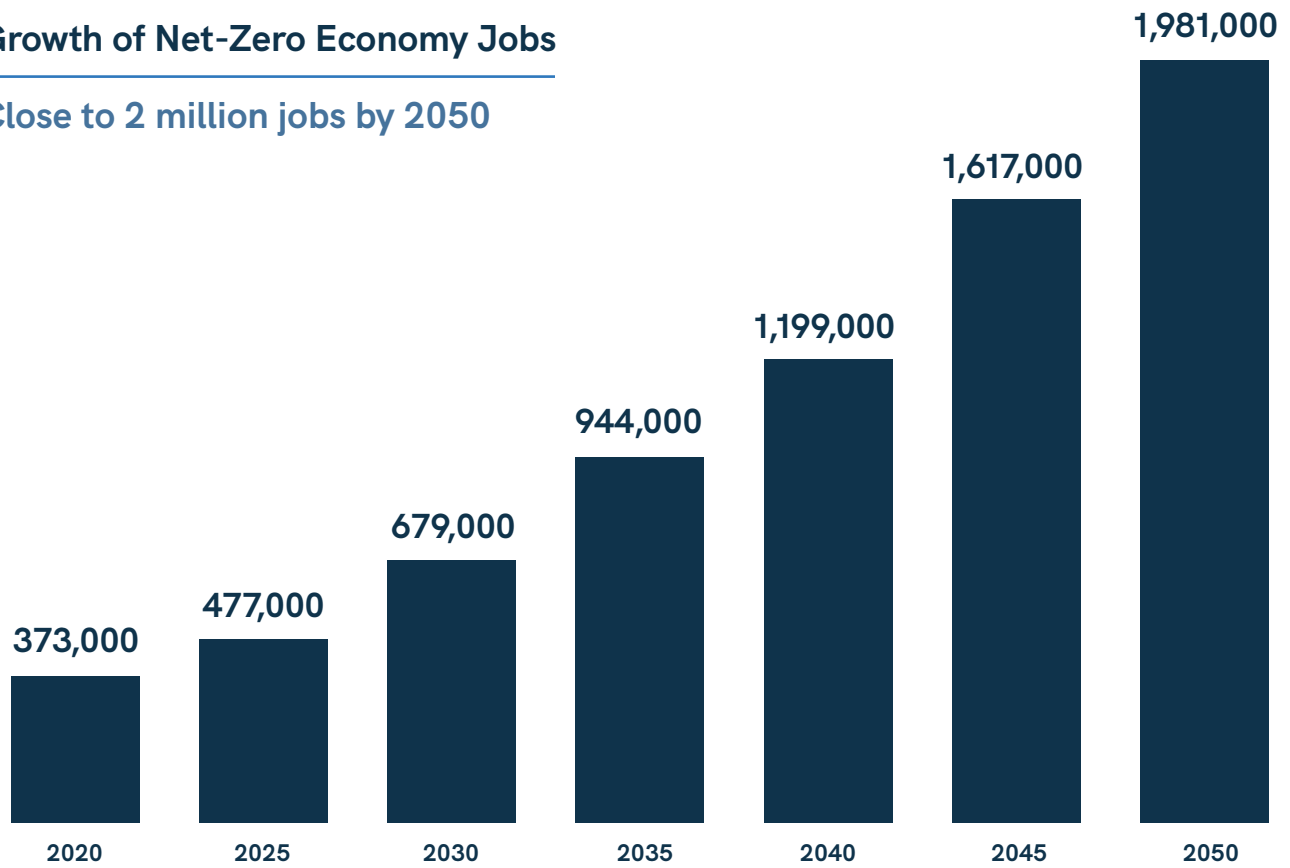
- **Workers themselves.** We spoke with 45 workers in one-on-one discussions and in focus groups, and surveyed 560 workers for their views.
- **Best practices from other countries.** We looked at the sustainable jobs plans of six other countries that are ahead of Canada in reducing carbon emissions, including Scotland, Germany and the U.S., to see what Canada could learn from the steps they have taken.
- **An energy-economy modelling exercise.** The model mapped two possible scenarios for a low-carbon future in 2050: one with additional supports for workers, and one without.

As part of our modelling exercise, we found that the energy transition will result in a total of two million direct and indirect clean energy jobs – with or without additional supports for workers. And more jobs are created by 2050 than are lost, even without additional supports.

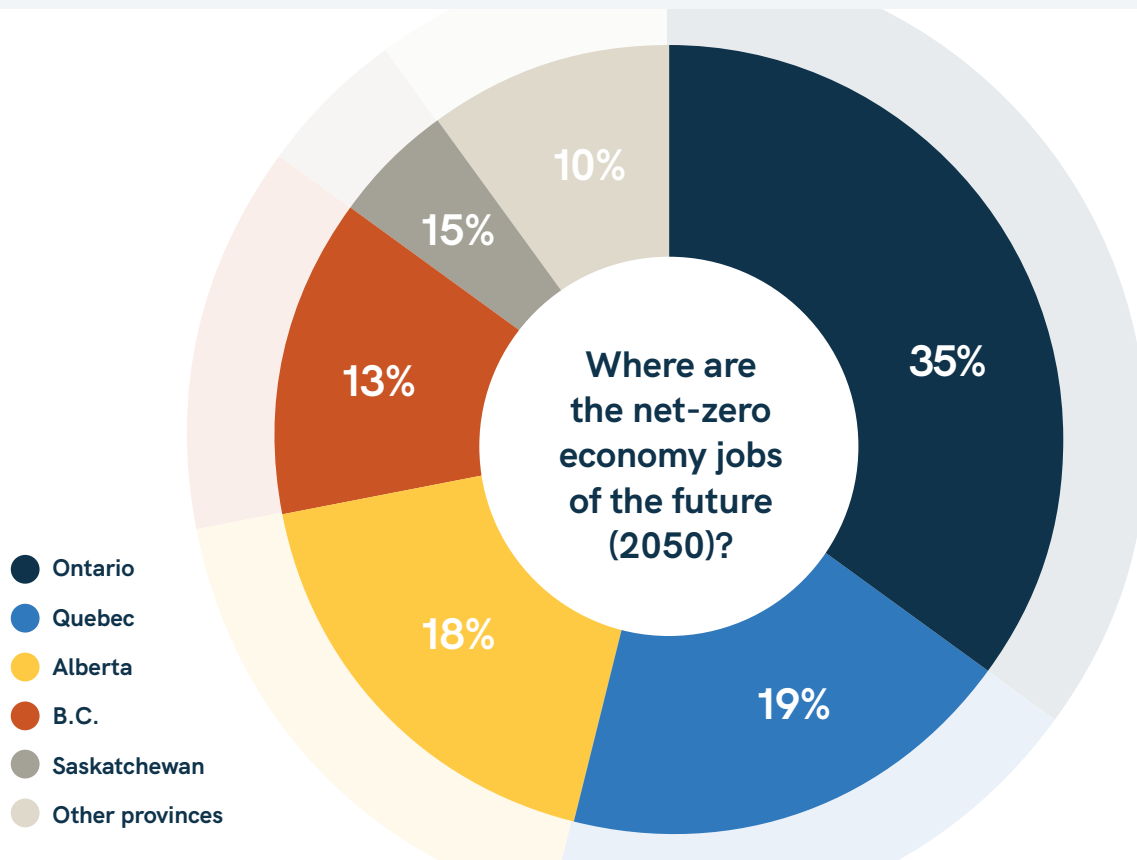
The charts on the following pages are based on a scenario in which Canada reaches net zero by 2050.

Growth of Net-Zero Economy Jobs

Close to 2 million jobs by 2050



Data based on an economic analysis of Canada reaching net-zero by 2050.



Data based on an economic analysis of Canada reaching net-zero by 2050.

Net-zero economy jobs in 2050 by sector



Electric vehicles (723,000)

Buildings (352,000)

Hydrogen (174,000)

Biofuel & waste (147,000)

Direct air capture (138,000)

Carbon capture and storage (114,000)

Hydroelectric generation (77,000)

Electricity grid (61,000)

Wind & solar (61,000)

Transit (55,000)

Low carbon machinery (37,000)

Nuclear (26,000)

Low carbon steel (9,000)

**Table 1.
Recommendations**

PRIORITY ACTIONS

1	Invest in skills and training capacity to give workers tools to succeed	Review, streamline and scale up existing skills training programs.	Provide capacity funding for union training centres and accredited non-profit training programs.
2	Provide income security and programs that help workers find new jobs or retire early	Improve the responsiveness of Employment Insurance so workers can retrain while receiving income support.	Extend eligibility of Work-Sharing agreements to industries experiencing long-term decline.
3	Enable a framework to uphold good job standards in the clean economy	Make key amendments to labour codes in support of unions and worker organizing.	
4	Engage with workers about their future	Develop awareness and dialogue campaigns to inform and engage with workers about the energy transition.	
5	Invest in regions to build resilience in a net-zero economy	Scale up the funding to support regional net-zero action plans and advance regional industrial policy priorities.	Establish an economic diversification transfer for affected regions.
6	Develop net-zero industrial policy that creates conditions for thriving industries	Advance effective regulations to foster greater market certainty.	Create provincial and territorial net-zero industrial policy tables with sectoral working groups.
7	Leverage private capital to support sustainable jobs	Establish an excess profit mechanism for emissions-intensive industries.	Increase the shareholder buy-back tax.

See “A Sustainable Jobs Blueprint, Part II: Putting workers and communities at the centre of Canada’s net-zero energy economy” for full list of proposed actions.

Worker-focused actions

1

INVEST IN SKILLS AND TRAINING CAPACITY TO GIVE WORKERS TOOLS TO SUCCEED

In 2020, skills-related job vacancies alone cost the Canadian economy as much as 1.3% of GDP — more than \$25 billion. The need to match workers' skills with jobs that become available will only grow more urgent as many new jobs are created in the clean economy. Investing in training and re-training is one of the most important ways to support workers.

Aligning training and workforce development with economic and climate plans, such as a net-zero industrial policy (see page 7) is vital. It can alleviate existing shortages and position a skilled and adaptable workforce to be ready to take advantage of future economic opportunities.

Workers understand and support the importance of retraining. In interviews and focus groups, workers said they supported funding for retraining as it provides them reassurance that they will not have to manage additional expenses. Programs should ensure that training is accessible to those who need it, not just those who can afford it.

The federal training ecosystem must be scaled up and streamlined to align programs with sustainable jobs objectives, including bolstering training capacity for credible training providers. Specific approaches must be taken to support the unique needs of youth, newcomers, women, and gender diverse people in the clean energy sector that strengthen access, opportunity, and inclusivity.

2

PROVIDE INCOME SECURITY AND PROGRAMS THAT HELP WORKERS FIND NEW JOBS OR RETIRE EARLY

The current Employment Insurance (EI) system in Canada is not flexible enough to respond to the needs of workers impacted by industry changes. For example, it does not easily enable workers to retrain while receiving EI. Canada's social security system must be strengthened and made more flexible to respond to labour market shifts based on a variety of changes to our global economy.

Workers identified pension security as their highest priority. Measures must be taken to prevent workers from losing their hard-earned pensions if their employer become insolvent. And workers nearing retirement age should have access to support to transition out of the workforce when reskilling and finding new employment is no longer a practical solution.

3

ENABLE A FRAMEWORK TO UPHOLD GOOD JOB STANDARDS IN THE CLEAN ECONOMY

Sustainable jobs meet two objectives: they are compatible with a low-carbon economy and they are decent, well-paying, high-quality jobs that can support workers and their families over time.

The federal government attached labour standards to new clean technology Investment Tax Credits, tacitly acknowledging that not all low-carbon work is automatically good work, and that policy tools to encourage the use of union labour, or paying workers the equivalent of a union wage, are necessary to increase job quality.

Reforming labour law can make it easier for workers to form or join a union, resulting in better wages, benefits, and health and safety standards for all workers in a clean economy.

4

ENGAGE WITH WORKERS ABOUT THEIR FUTURE

Policies are only as good as the buy-in they receive from workers who will be most affected by them. Workers require two-way communication, both to share their perspectives to inform policy and to receive direct information about paths to net-zero and decisions that will impact them. Better information sharing and follow-through on action would help to build trust between workers and government.

What we heard from workers

→ All policy ideas — pension protection and bridging, employment insurance, training, worker involvement in policy development, and investments to create jobs — were ranked favorably by workers we surveyed.

→ Workers felt more positively about pathways to net-zero knowing that these kinds of policies could be applied.

→ To make the transition to net-zero fair, most workers want to have their pensions and income protected, their training guaranteed, to stay in the places they already live, and their union negotiating with the government on their behalf.

Economy-focused actions

1

INVEST IN REGIONS TO BUILD RESILIENCE IN A NET-ZERO ECONOMY

Every community and region in Canada will be affected by the transition in different ways. A one-size-fits-all approach could create inequities as, for example, the economies of Alberta, Saskatchewan and Newfoundland and Labrador are more reliant on fossil fuels and will see greater change. Further, planning in each province must ensure that disparities between urban and rural and between southern and northern places are not exacerbated.

Regional development in the sustainable jobs context means supporting places impacted by industrial transitions and ensuring that all regions have what they need to be successful. It is crucial that communities are strengthened to remain viable places to live, and that transition planning does not assume workers are able or willing to move for new jobs.

Transforming regions has the potential to help achieve national economic and climate objectives, and cushion disruption. Current government commitments to support local and regional economic diversification in Alberta, Saskatchewan, and Newfoundland and Labrador, could be expanded Canada-wide. An economic diversification transfer for affected regions could also finance net-zero compatible capital projects in regional economies and advance broader community objectives to draw — and keep — workers in communities.

Indigenous peoples must also be able to equitably participate in and benefit from the clean energy economy. The Government of Canada has already taken steps to facilitate Indigenous economic participation, including the establishment of the Indigenous Loan Guarantee Program, which will help Indigenous communities build and implement clean energy projects. The 2024 federal budget announced funding for this program for the next two years. However, the Indigenous Loan Guarantee program is largely geared toward major resource projects and many remote communities may not be eligible for this program.

2

DEVELOP NET-ZERO INDUSTRIAL POLICY THAT CREATES CONDITIONS FOR THRIVING INDUSTRIES

Industrial policy puts in place the conditions to enable certain industries to succeed. Done right, it has the potential to create good jobs, establish new supply chains, foster the vitality of regions, and act as a buffer to change.

Net-zero industrial policy aims to create opportunity through targeted investment and actions that funnel resources towards industries, businesses, and projects that are needed in a clean energy economy. It can create greater market certainty for industry and workers, and ensure that public funding is leveraged to grow and maintain sustainable jobs.

Investments that help grow competitive industries

The Government of Canada's decision to spend \$13.2 billion to secure the creation of a Volkswagen battery manufacturing factory in Ontario, which will bring 3,000 jobs to the area and put in place an anchor for an electric vehicle battery supply chain, is an example of industrial policy in action.

Fostering the development of key sectors can help secure Canada's competitive advantage by preventing labour and capital from leaving the country, particularly to the U.S. where billions have been spent to attract investment in clean energy, and it also has the potential to absorb workers displaced through transition. Investments in priority sectors should be granted with conditions that compel employers to uphold decent work standards and promote investment in transitioning regions where relevant.

Industrial policy should also support decarbonization of existing Canadian industries, including steel, cement, chemicals, and aluminum, that have the technologies to decarbonize but face challenges related to cost and asset turnover. Industrial decarbonization, paired with additional government policy instruments to favour cleanest suppliers and imports, can keep clean domestic industries in Canada.

3

LEVERAGE PRIVATE CAPITAL TO SUPPORT SUSTAINABLE JOBS

Achieving a net-zero future where sustainable jobs are plentiful requires both private and public actors. Ultimately, private capital is needed to reduce the burden on taxpayers to finance the energy transition, particularly in light of the fossil fuel sector's excess profits and emissions growth trajectories in recent years.

Progressive tax measures applied to industry, such as a levy on excess profits or an increase in the shareholder buy-back tax, can ensure private capital is leveraged in the most strategic way to support workers and communities in transition; however, additional research into such measures is needed.

Conclusion

Canada's climate strategy is also an economic strategy. Changes in energy systems, the labour market, and the economy are here to stay, so sustainable jobs planning and climate policy must go hand in hand.

This Sustainable Jobs Blueprint argues for government to follow through on its promises and make bold investments to help workers prepare for a changing economy and climate. Such investment in workers and communities can also reduce labour shortages, make life more affordable by reducing reliance on price-volatile fossil fuels, and provide more decent jobs.

In addition, industry, government bodies at all levels, community leaders and unions all have a vital role to play. Workers themselves can be key partners to take these ideas and develop them further. With workers onside, the transition can move at the speed that the climate emergency demands.

Canada can and should capitalize on the benefits of the clean energy transition and move towards a fairer society where workers are themselves the engineers of the future they deserve.